

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

WENTWORTH GAS MARKETING LLC

FE DOCKET NO. 14-63-CNG

ORDER GRANTING LONG-TERM AUTHORIZATION
TO EXPORT COMPRESSED NATURAL GAS BY VESSEL
FROM A PROPOSED CNG COMPRESSION AND LOADING FACILITY
AT THE PORT OF FREEPORT, TEXAS,
TO FREE TRADE AGREEMENT NATIONS

DOE/FE ORDER NO. 3515

OCTOBER 7, 2014

I. DESCRIPTION OF REQUEST

On May 13, 2014, Wentworth Gas Marketing LLC (Wentworth Gas) filed an application (Application) with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA)¹ for long-term, multi-contract authorization to export compressed natural gas (CNG) produced from domestic sources in a volume equivalent to approximately 60 billion cubic feet per year (Bcf/yr) of natural gas, or 0.166 Bcf per day (Bcf/d). Wentworth Gas seeks authorization to export the CNG for a 20-year term from a proposed CNG compression and loading facility (Facility) to be constructed, owned, and operated near the Port of Freeport, Texas, by its affiliate, Wentworth Compression LLC, to any country with which the United States has, or in the future will have, a free trade agreement (FTA) requiring national treatment for trade in natural gas, and with which trade is not prohibited by U.S. law or policy (FTA countries).² Wentworth Gas seeks to export this CNG on its own behalf and as agent for other entities who hold title to the CNG at the time of export. Wentworth Gas requests that this authorization commence on the earlier of the date of first export or five years from the date the authorization is issued (*i.e.*, October 7, 2019).

II. BACKGROUND

Description of Applicant. Wentworth Gas is a Delaware limited liability company with its principal place of business in Purchase, New York. Wentworth Gas is a wholly owned subsidiary of Wentworth Holdings, LLC (Wentworth Holdings), a limited liability company organized under the laws of Delaware. Wentworth Gas states that Wentworth Holdings is

¹ The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. § 717b) has been delegated to the Assistant Secretary for FE in Redelegation Order No. 00-002.04F, issued on July 11, 2013.

² The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore. FTAs with Israel and Costa Rica do not require national treatment for trade in natural gas.

indirectly owned by Morgan Stanley, a corporation formed under the laws of Delaware with its principal place of business in New York, New York.

Wentworth Holdings also wholly owns Wentworth Compression LLC (Wentworth Compression), a Delaware limited liability company with its principal place of business in Purchase, New York. Wentworth Gas states that Wentworth Compression will construct, own, and operate the Facility. Upon completion of the Facility and the initiation of service by Wentworth Compression, Wentworth Gas intends to engage in the business of natural gas sales by selling CNG produced at the Facility for both domestic and export markets and by acting as export agent for the sale of CNG, as described below.

CNG Export Project. Wentworth Gas states that Wentworth Compression intends to construct the Facility on a 50-acre site near the Port of Freeport, Texas, which it will lease from the Port of Freeport. According to Wentworth Gas, the Facility is anticipated to be completed approximately 12 months from the date that final regulatory approvals are obtained.

Wentworth Gas asserts that the Facility will be located off of the Brazoria Interconnector Gas Pipeline (BIG), an intrastate pipeline providing natural gas transportation within Texas. According to Wentworth Gas, Wentworth Compression will receive gas from the BIG system via a third-party, intrastate lateral pipeline approximately 11 miles in length. Wentworth Compression will sell up to the requested volume of CNG (60 Bcf/yr) —all of the Facility's output—to Wentworth Gas. Once sourced, Wentworth Compression will compress the CNG, store it in ISO containers staged temporarily at the Facility, then transport the ISO containers approximately one mile via truck to the Port of Freeport, where it will be shipped to various destinations on vessels chartered by Wentworth Gas.

Wentworth Gas notes that the Facility will have the capacity to load up to 270 ISO containers of CNG per day. According to Wentworth Gas, there will be no facilities for permanent or long-term gas storage at the Facility, nor will there be a warehouse at the Facility to store the ISO containers. Wentworth Gas states that Wentworth Compression will comply with all of the Port of Freeport's regulations relating to container storage, which will be set forth in the lease agreement between Wentworth Compression and the Port of Freeport.

Source of Natural Gas. Wentworth Gas states that it seeks to export natural gas available from the U.S. natural gas pipeline supply and transmission system. As noted above, the Facility will interconnect with the BIG system via an intrastate pipeline approximately 11 miles in length. Wentworth Gas asserts that, through the interconnection with BIG, Wentworth Compression will be able to indirectly access the natural gas pipeline grid, which will provide Wentworth Gas and its potential customers a variety of stable and economical supply options.

Business Model. Wentworth Gas states that the Facility will comprise a "mixed use" CNG project. Wentworth Gas anticipates selling CNG to be consumed in domestic and export markets in FTA countries located in the Caribbean and Central America regions, and acting as export agent for sales of CNG to entities in those regions.³

Wentworth Gas notes that it has not yet entered into any long-term supply agreements with other entities for the export and sale of CNG. Wentworth Gas commits to observing all DOE/FE reporting requirements for exports. Citing DOE/FE precedent,⁴ Wentworth Gas commits to filing a copy of any relevant long-term commercial agreement entered into between

³³ Wentworth Gas states that, in the near term, the project intends to sell CNG to entities in the Dominican Republic, Panama, Guatemala, El Salvador, Honduras, and Costa Rica, which it states are "each an FTA country." Application at 2. As noted above in footnote 2, however, Costa Rica is not considered a FTA country for purposes of this authorization. See also *infra* at 9 (Ordering Para. B) (listing FTA countries).

⁴ See, e.g., *Dominion Cove Point, LNG, LP*, DOE/FE Order No. 3331, FE Docket No. 11-128-LNG, Order Conditionally Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Cove Point LNG Terminal to Non-Free Trade Agreement Nations (Sept. 11, 2013).

Wentworth Gas and an entity for the sale and export of CNG within 30 days of the agreement(s) being executed, including both a confidential, non-redacted version and a publicly available, redacted version.

As Appendix D to its Application, Wentworth Gas submits a signed letter of intent between Wentworth Compression and Wentworth Gas, dated May 12, 2014, regarding the sale of CNG. As Appendix C to its Application, Wentworth Gas submits additional documents purporting to show that: (i) Wentworth Compression has entered into an engineering, procurement and construction (EPC) contract for construction of the Facility, and ii) Wentworth Compression's EPC contractor has entered into an access agreement with the Port of Freeport regarding the site for the Facility. Wentworth Gas further asserts that Wentworth Compression plans to execute additional agreements to purchase containers for the Facility and to finalize arrangements with the Port of Freeport regarding the loading of containerized CNG onto ships for export.

III. FINDINGS

(1) Section 3(c) of the NGA was amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486) to require that applications authorizing (a) the import and export of natural gas, which includes CNG, from and to a nation with which there is in effect a FTA requiring national treatment for trade in natural gas, and (b) the import of LNG from other international sources, be deemed consistent with the public interest and granted without modification or delay. This Application falls within section 3(c), as amended, and therefore, DOE/FE is charged with granting the Application without modification or delay.⁵

⁵ DOE further finds that the requirement for public notice of applications and other hearing-type procedures in 10 C.F.R. Part 590, are applicable only to applications seeking to export natural gas, including LNG, to countries with which the United States does not have a FTA requiring national treatment for trade in natural gas.

(2) In light of DOE/FE's statutory obligation to grant the FTA portion of the Application without modification or delay, there is no need for DOE/FE to review other arguments asserted by Wentworth Gas in support of the Application. The instant grant of authority should not be read to indicate DOE's views on those arguments.

(3) The countries with which the United States has an FTA requiring national treatment for trade in natural gas currently are: Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore.

(4) As described above, Wentworth Gas requests authorization to export CNG on its own behalf and as agent for other entities who hold title to the CNG at the time of export. DOE/FE previously addressed the issue of Agency Rights in DOE/FE Order No. 2913,⁶ which granted Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC (collectively, FLEX) authority to export LNG to FTA countries. In that order, DOE/FE approved a proposal by FLEX to register each LNG title holder for whom FLEX sought to export LNG as agent. DOE/FE found that this proposal was an acceptable alternative to the non-binding policy adopted by DOE/FE in *The Dow Chemical Company*,⁷ which established that the title for all LNG authorized for export must be held by the authorization holder at the point of export. We find that the same policy considerations that supported DOE/FE's acceptance of the alternative registration proposal in DOE/FE Order No. 2913 apply here as well.

⁶ *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FE Order No. 2913, FE Docket No. 10-160-LNG, Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Freeport LNG Terminal to Free Trade Nations (Feb. 10, 2011).

⁷ *The Dow Chemical Company*, DOE/FE Order No. 2859, FE Docket No. 10-57-LNG, Order Granting Blanket Authorization to Export Liquefied Natural Gas (Oct. 5, 2010), at 7-8, discussed in *Freeport LNG*, DOE/FE Order No. 2913, at 7-8.

DOE/FE reiterated its policy on Agency Rights procedures in *Gulf Coast LNG Export, LLC*.⁸ In *Gulf Coast*, DOE/FE confirmed that, in LNG export orders in which Agency Rights have been granted, DOE/FE shall require registration materials filed for, or by, an LNG titleholder (Registrant) to include the same company identification information and long-term contract information of the Registrant as if the Registrant had filed an application to export LNG on its own behalf.⁹

To ensure that the public interest is served, the authorization granted herein shall be conditioned to require that where Wentworth Gas proposes to export CNG as agent for other entities who hold title to the CNG (Registrants), Wentworth Gas must register with DOE/FE those entities on whose behalf it will export CNG in accordance with the procedures and requirements described herein.

(5) Section 590.202(b) of DOE's regulations requires applicants to supply transaction specific factual information "to the extent practicable."¹⁰ Additionally, DOE regulations at 10 C.F.R. Part 590.202(e) allow confidential treatment of the information supplied in support of or in opposition to an application if the submitting party requests such treatment, shows why the information should be exempted from public disclosure, and DOE determines it will be afforded confidential treatment in accordance with 10 C.F.R. § 1004.11.¹¹

(6) DOE/FE will require that Wentworth Gas file or cause to be filed with DOE/FE any relevant long-term commercial agreements (contracts) pursuant to which Wentworth Gas exports CNG as agent for a Registrant once they have been executed. DOE/FE finds that the submission

⁸ *Gulf Coast LNG Export, LLC*, DOE/FE Order No. 3163, FE Docket No. 12-05-LNG, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas By Vessel from the Proposed Brownsville Terminal to Free Trade Agreement Nations (Oct. 16, 2012).

⁹ *See id.* at 7-8.

¹⁰ 10 C.F.R. § 590.202(b).

¹¹ *Id.* § 590.202(e).

of all such agreements or contracts within 30 days of their execution using the procedures described below will be consistent with the “to the extent practicable” requirement of section 590.202(b). By way of example and without limitation, a “relevant long-term commercial agreement” would include an agreement with a minimum term of two years, such as a long-term contract involving CNG stored or compressed at the Facility.

(7) DOE/FE also will require Wentworth Gas to file any long-term contracts Wentworth Gas enters into providing for the long-term export of CNG on its own behalf from the Facility. DOE/FE finds that the submission of these contracts within 30 days of their execution using the procedures described below will be consistent with the “to the extent practicable” requirement of section 590.202(b).

(8) DOE/FE finds that section 590.202(c) of DOE/FE’s regulations¹² requires that Wentworth Gas file, or cause to be filed, all long-term contracts associated with the long-term supply of natural gas to the Facility within 30 days of their execution that either Wentworth Gas or the Registrant enters into.

(9) DOE/FE recognizes that some information in Wentworth Gas’s or a Registrant’s long-term commercial agreements associated with the export of CNG, and/or long-term contracts associated with the long-term supply of natural gas to the Facility, may be commercially sensitive. DOE/FE therefore will provide Wentworth Gas the option to file or cause to be filed either unredacted contracts, or in the alternative: (A) Wentworth Gas may file or cause to be filed, long-term contracts under seal, but it also will file either: i) a copy of each long-term contract with commercially sensitive information redacted, or ii) a summary of all major provisions of the contract(s) including, but not limited to, the parties to each contract, contract term, quantity, any take or pay or equivalent provisions/conditions, destinations, re-sale

¹² *Id.* § 590.202(c).

provisions, and other relevant provisions; and (B) the filing must demonstrate why the redacted information should be exempted from public disclosure.

To ensure that DOE/FE destination and reporting requirements included in the Order are conveyed to subsequent title holders, DOE/FE will include as a condition of this authorization that future contracts for the sale or transfer of CNG exported pursuant to the Order shall include an acknowledgement of these requirements.

ORDER

Pursuant to section 3 of the NGA, it is ordered that:

A. Wentworth Gas is authorized to export domestically produced CNG by vessel from a proposed CNG compression and loading facility to be located at the Port of Freeport, Texas. The volume of CNG authorized in this Order is equivalent to approximately 60 Bcf/yr of natural gas for a 20-year term, beginning on the earlier of the date of first export or five years from the date the authorization is issued (*i.e.*, October 7, 2019). Wentworth Gas is authorized to export this CNG on its own behalf and as agent for other entities who hold title to the natural gas, pursuant to one or more long-term contracts (a contract greater than two years).

B. This CNG may be exported to Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore, and to any nation with which the United States subsequently enters into a FTA requiring national treatment for trade in natural gas, provided that the destination nation has the capacity to import CNG via ocean going vessels. FTA countries are currently identified by DOE/FE at:

<http://www.fossil.energy.gov/programs/gasregulation/index.html>.

C. Wentworth Gas shall ensure that all transactions authorized by this Order are permitted and lawful under U.S. laws and policies, including the rules, regulations, orders, policies, and other determinations of the Office of Foreign Assets Control of the United States Department of the Treasury. Failure to comply with this requirement could result in rescission of this authorization and/or other civil or criminal remedies.

D. (i) Wentworth Gas shall file with the Office of Oil and Gas Global Security and Supply a non-redacted copy of all executed long-term contracts associated with the long-term export of CNG from the Facility. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if Wentworth Gas has filed the contracts described in the preceding sentence under seal or subject to a claim of confidentiality or privilege, within 30 days of their execution, Wentworth Gas shall also file for public posting either: i) a redacted version of the contracts described in the preceding sentence, or ii) major provisions of the contracts. In these filings, Wentworth Gas shall state why the redacted or non-disclosed information should be exempted from public disclosure.

(ii) Wentworth Gas shall file with the Office of Oil and Gas Global Security and Supply a non-redacted copy of all executed long-term contracts associated with the long-term supply of natural gas to the Facility. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if Wentworth Gas has filed the contracts described in the preceding sentence under seal or subject to a claim of confidentiality or privilege, within 30 days of their execution, Wentworth Gas shall also file for public posting either: i) a redacted version of the contracts described in the preceding sentence, or ii) major provisions of the contracts. In these filings, Wentworth Gas shall state why the redacted or non-disclosed information should be exempted from public disclosure.

E. Wentworth Gas shall include the following provision in any agreement or other contract for the sale or transfer of CNG exported pursuant to this Order:

Customer or purchaser acknowledges and agrees that it will resell or transfer CNG purchased hereunder for delivery only to countries identified in Ordering Paragraph B of DOE/FE Order No. 3515, issued October 7, 2014, in FE Docket No. 14-63-CNG, and/or to purchasers that have agreed in writing to limit their direct or indirect resale or transfer of such CNG to such countries. Customer or purchaser further commits to cause a report to be provided to Wentworth Gas Marketing LLC that identifies the country of destination, upon delivery, into which the exported CNG was actually delivered, and to include in any resale contract for such CNG the necessary conditions to ensure that Wentworth Gas Marketing LLC is made aware of all such actual destination countries.

F. Within two weeks after the first export of domestically produced CNG occurs from the Facility, Wentworth Gas shall provide written notification of the date that the first export of CNG authorized in Ordering Paragraph A above occurred.

G. Wentworth Gas shall file with the Office of Oil and Gas Global Security and Supply, on a semi-annual basis, written reports describing the progress of the Facility. The reports shall be filed on or by April 1 and October 1 of each year, and shall include information on the progress of the Facility, the date the Facility is expected to be operational, and the status of the long-term contracts associated with the long-term export of CNG and any long-term supply contracts.

H. Prior to any change in control of the authorization holder, Wentworth Gas must obtain the approval of the Assistant Secretary for Fossil Energy. For purposes of this Ordering Paragraph, a "change in control" shall include any change, directly or indirectly, of the power to direct the management or policies of Wentworth Gas, whether such power is exercised through one or more intermediary companies or pursuant to an agreement, written or oral, and whether such power is established through ownership or voting of securities, or common directors, officers, or stockholders, or voting trusts, holding trusts, or debt holdings, or contract, or any

other direct or indirect means. Wentworth Gas may submit a statement of change in control to DOE using one of the three methods set forth below. Upon receipt of the statement, DOE will give immediate effect to the change in control and take no further action. Three methods to submit a statement of change in control to DOE: (1) e-mailing the filing to fergas@hq.doe.gov with CIC and the FE Docket No. in the title line; (2) mailing an original and three paper copies of the filing to U.S. Department of Energy (FE-34), Office of Oil and Gas Global Security and Supply, P.O. Box 44375, Washington, DC 20026-4375; or (3) hand delivering an original and three paper copies of the filing to U.S. Department of Energy (FE-34), Office of Oil and Gas Global Security and Supply, Office of Fossil Energy, Forrestal Building, Room 3E-042, 1000 Independence Avenue, SW, Washington, DC 20585.

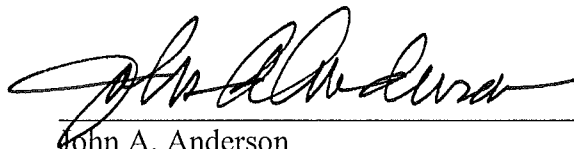
I. Monthly Reports: With respect to the CNG exports authorized by this Order, Wentworth Gas shall file with the Office of Oil and Gas Global Security and Supply, within 30 days following the last day of each calendar month, a report indicating whether exports of CNG have been made. The first monthly report required by this Order is due not later than the 30th day of the month following the month of first export. In subsequent months, if exports have not occurred, a report of “no activity” for that month must be filed. If exports of CNG have occurred, the report must give the following details of each CNG cargo: (1) the name(s) of the authorized exporter registered with DOE/FE; (2) the date of departure from the U.S. export port or terminal; (3) the country (or countries) of destination into which the exported CNG was actually delivered; (4) the name of the supplier/seller; (5) the volume in thousand cubic feet (Mcf); (6) the CNG container loading facility and location; (7) the mode(s) of transport from the CNG container loading facility to the U.S. export port or terminal; (8) the name of the U.S. export port or terminal; (9) the price at the point of export in U.S. dollars per million British

thermal units (MMBtu); (10) the name of the ocean going vessel; (11) the name(s) of the purchaser(s); and (12) the duration of the supply agreement.

(Approved by the Office of Management and Budget under OMB Control No. 1901-0294)

J. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Oil and Gas Global Security and Supply, P.O. Box 44375, Washington, D.C. 20026-4375, Attention: Natural Gas Reports. Alternatively, reports may be e-mailed to ngreports@hq.doe.gov, or may be faxed to Natural Gas Reports at (202) 586-6050.

Issued in Washington, D.C., on October 7, 2014.

A handwritten signature in black ink, appearing to read "John A. Anderson", is written over a horizontal line.

John A. Anderson
Director, Division of Natural Gas Regulatory Activities
Office of Oil and Gas Global Security and Supply
Office of Oil and Natural Gas